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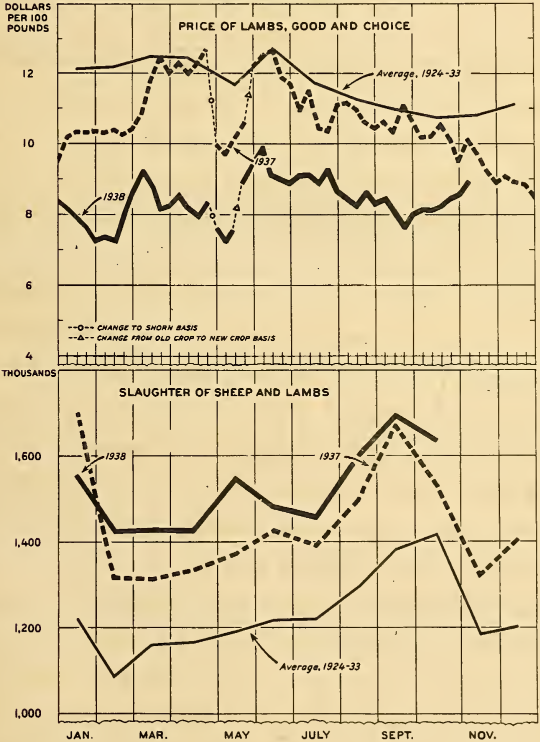
THE SHEEP AND LAMB SITUATION

SHEEP AND LAMBS: PRICE AT CHICAGO AND FEDERALLY INSPECTED SLAUGHTER, AVERAGE 1924-33, AND 1937 TO DATE



U. S. DEPARTMENT OF AGRICULTURE NEG. 21571 BUREAU OF AGRICULTURAL ECONOMICS

THE SHEEP AND LAMB SITUATION

This issue includes the major factors in the Sheep and Lamb Outlook report issued November 3 as a part of the annual outlook for sheep, lambs, and wool.

Summary

The number of lambs fed during the 1938-39 feeding season will be somewhat smaller than the large number fed last year, the Bureau of Agricultural Economics reports. For the 4 months, July through October, shipments of feeder lambs and sheep into the Corn Belt were smaller than in 1937. Reports from the Western Feeding States also indicate that there will be some decrease in feeding in that area.

Total slaughter of sheep and lambs during the fed lamb marketing season (December-April), however, probably will be somewhat larger than a year earlier. The 1938 lamb crop was 5 percent larger than that of 1937, and was the largest of record. The increase in the number of lambs produced already has been reflected in larger marketings of lambs in the present marketing year. Although marketings of fed lambs to May 1, 1939, may be smaller than a year earlier, marketings of other lambs and sheep, particularly from Texas, are likely to be larger.

Some improvement in consumer demand for meats and in wool prices is expected during the coming year. Although the change from a year earlier in the total supply of sheep and lambs for the 1938-39 fed-lamb marketing season is still uncertain, it does not seem probable that any increase in supplies that may occur will be sufficiently large to offset the effects of

the improvement in demand. Consequently, prices of fed lambs in the coming marketing season may average higher than a year earlier.

The longer-time outlook is for an upward trend in sheep numbers during the next few years. The size of the lamb crop, however, is affected to a considerable extent by feed supplies and weather conditions during the lambing season. Weather and feed conditions in all of the principal lambing areas last spring were unusually favorable. And the 1938 lamb crop may not be equalled for several years, even though sheep numbers increase. But the expansion in sheep numbers is likely to be reflected in increased production of wool.

RECENT DEVELOPMENTS

Prices of slaughter lambs, after declining seasonally during the summer months, advanced slightly in late September and fairly sharply in late October and early November. For the week ended November 12, prices of good and choice slaughter lambs at Chicago averaged nearly $9 per 100 pounds, about 85 cents higher than a month earlier, although still about 70 cents lower than in the corresponding week last year. Last year, prices of slaughter lambs declined sharply from November through January, contrary to the usual seasonal trend.

Receipts of sheep and lambs continued seasonally large through mid-October this year, but dropped sharply late in the month. Inspected slaughter of sheep and lambs in October, totaling 1,638,000 head, was 3 percent smaller than a month earlier but 7 percent larger than in October 1937.

OUTLOOK

Some reduction in lamb feeding indicated

The number of lambs fed during the 1938-39 feeding season will be smaller than the large number fed in the 1937-38 season, but probably will be at least as large as in any of the 4 seasons prior to 1937-38. Feeding is expected to be reduced this season both in the Corn Belt and in the western feeding States. The decrease in the Corn Belt States probably will be mostly in the area east of the Mississippi River. Present indications are that the number fed in the area west of the River (including lambs on wheat pastures) will be about the same as a year ago.

For the 4 months, July through October, shipments of feeder lambs and sheep from stockyards markets into the Corn Belt were estimated to be about 6 percent smaller than a year earlier, and a little smaller than the 5-year

(1932-36) average for these months. The number going into the States east of the Mississippi River was nearly 25 percent smaller than last year and was the smallest in 5 years. But the number going into the States west of the Mississippi was somewhat larger than last year. Available information indicates that the number of feeder lambs shipped into the Corn Belt direct (not going through stockyards markets), to the end of October, was smaller than last year.

The number of lambs fed probably will be smaller this year in all of the Eastern Corn Belt States, except possibly Ohio, with the largest decrease indicated for Michigan. In the Western Corn Belt States, present indications are that the number of lambs fed this year will be smaller than last in Minnesota and South Dakota, larger in Missouri and Kansas, and about the same in Iowa. In Nebraska a sharp decrease in the Scottsbluff area may be largely offset by increases elsewhere. A rather heavy movement of feeder lambs to wheat pastures in Kansas and Nebraska occurred in late September and early October. These pastures, however, suffered materially from lack of moisture in October, and the number of lambs finished on pastures will be considerably smaller than seemed probable earlier in the season.

Reports indicate that lamb feeding operations in nearly all of the Western States will be on a smaller scale than last season. In Colorado a reduction of 10 to 15 percent in the number fed seems probable, with a total about the same as 2 years ago. Most of the reduction will be in the northern part of the State, with some reduction probable in each of the other regular feeding areas. But there is an unusually large number of lambs in the eastern dry land sections of the State, mostly on wheat pastures.

In Texas the failure of winter wheat pastures to make seasonal growth, except in the northern Panhandle, may tend to reduce the number of lambs fed in that State from earlier expectations. Shipments of lambs from Texas to points outside the State continued large in October, but the total of such shipments from July through October appears to have been no larger this year than last. As a result of continued lack of rainfall, feed conditions in the principal sheep area of Texas are not favorable. Unless this situation is improved by early winter moisture, there may be a rather heavy movement of lambs from Texas in November and December.

Reports from most of the important western feeder lamb producing States indicate that shipments of feeder lambs this year have included very few ewe lambs, and that the number of ewe lambs kept for additions to breeding flocks is the largest in some years.

Lamb slaughter larger this season

The lamb crop this year was about 5 percent larger than that of 1937 and the largest on record. The increase was the result of a 9-percent larger crop in the Western Sheep States(including Texas and South Dakota), as the crop in the native States was slightly smaller. Most of the gain was in four States: California, Texas, Wyoming, and South Dakota.

Estimated lamb crop in the United States and specified regions, average 1931-35, annual 1935-38

Year	Western States excluding Texas	Texas	Native States	United States
	Thousands	Thousands	Thousands	Thousands
Av. 1931-35	16,020	2,998	11,105	30,124
1935	15,138	2,254	11,195	28,587
1936	16,230	3,848	10,901	30,979
1937	15,293	4,158	11,329	30,780
1938	16,577	4,615	11,029	32,221

In view of the larger lamb crop, slaughter supplies of sheep and lambs for the 1938-39 lamb marketing year, which began May 1, will be larger than for 1937-38, when inspected slaughter of sheep and lambs was 17,437,000 head. In 1931 the lamb crop was only slightly smaller than that of 1938, and inspected slaughter for the year 1931-32 totaled 18,648,000 head.

Inspected slaughter of sheep and lambs in the first half of the present marketing year, May through October, totaled about 9.4 million head, 6 percent larger than that of a year earlier. All of this increase was in the slaughter of 1938 lambs. Slaughter and market records indicate that the number of sheep and yearlings slaughtered was smaller this year than last. In most years inspected slaughter of sheep and lambs in the first half of the marketing year represents 50 or 51 percent of the yearly total.

Improvement in lamb prices probable

In early June 1938 the weekly average price of good and choice spring lambs at Chicago was about \$9.50, \$3 lower than a year earlier. Only a slight seasonal decline in prices of such lambs occurred in June and July, but in August and September prices weakened considerably as marketings increased. In mid-October the weekly average price of good and choice slaughter lambs at Chicago was about \$8.10, but prices strengthened considerably in late October and early November.

Probably the most important difference between the lamb price situation for 1939 and that of the current year is that some improvement in consumer demand for meats is in prospect. It also is expected that wool prices and pelt values will be higher in 1939 than in 1938.

Some increase is expected in the total live weight of sheep and lambs slaughtered under Federal inspection during the coming fed lamb marketing season (December-April) compared with that of a year earlier. Although marketings of fed lambs may be smaller than those of last year, marketings of other lambs and sheep, particularly from Texas, are likely to be larger. But it hardly seems probable that the increase in supplies will be sufficient to offset the effects on prices of the improvement in demand. Consequently, prices of fed lambs in the 1938-39 fed lamb season may average higher than a year earlier.

Inspected slaughter, live weight, and cost to packers for sheep and lambs, December-April, average 1929-30 to 1933-34, annual 1934-35 to 1937-38

Period	Inspected slaughter 1/	Live weight		Cost to packers	
		Average	Total	Average	Total
	Thousands	Pounds	Mil. lbs.	Dollars	Mil. dol.
Dec.-Apr.:					
Av. 1929-30 to 1933-34	6,759	86	583	7.56	44
1934-35	6,634	87	574	7.88	45
1935-36	6,863	90	616	9.49	58
1936-37	7,234	89	642	9.82	63
1937-38	7,231	89	647	7.86	51

1/ Bureau of Animal Industry. Excludes Government slaughter in 1934.

Prices of new crop lambs in the spring and summer of 1939 will be supported by a stronger consumer demand for meats, but the level of prices of such lambs will depend partly upon supplies of new crop lambs and the supply of yearlings carried over from the present marketing year. No indication of the volume of marketings of new crop lambs in 1939 is possible at this time, but the number of yearlings marketed in the spring and summer of 1939 probably will be as large as or larger than the number marketed in the spring and summer of 1938.

Production outlook

The trend in stock sheep numbers and in lamb and wool production was sharply upward in all of the important producing areas from 1923 to 1931. Since 1931 the number for the entire country has been fairly stable, but rather important changes have occurred in some regions. There has been little change in number of stock sheep in the Native Sheep States. But in the Western Sheep States, excluding Texas, the trend in stock sheep numbers since the peak year of 1931 has been distinctly downward. This has been offset in part by the continued sharp increase in Texas which brought the total in that State on January 1, 1938, to the highest point on record. The total for the United States on January 1, 1938, was about 3.5 percent below the peak in 1934.

Although 1937 was the most favorable year that western sheep producers have had since 1930, the downward trend in stock sheep numbers in the Western States, excluding Texas, continued through 1937; and on January 1, 1938, the number was the smallest since 1927. Several factors were responsible for the downward trend in numbers. Among these were the low prices of lambs and wool during the depression years, the poor condition of ranges resulting from a succession of years of short precipitation, and reductions, actual and prospective, in the number of sheep permitted to graze on the public domain and the national forests. It seems probable that this downward trend has now run its course and that January 1, 1938, was the low point. If weather

and range conditions are favorable during the next few years some increase in numbers is likely. This increase will take place in the States where numbers were reduced the most following the droughts of 1934 and 1936.

Number of stock sheep and lambs on farms in the United States and specified regions, January 1, 1923 and January 1, 1931-38

Year	Western Sheep States, ex-cluding Texas	Texas	All Western	Native Sheep States	United States
	Thousands	Thousands	Thousands	Thousands	Thousands
1923	19,320	3,490	22,810	9,787	32,597
1931	27,252	6,749	34,001	13,719	47,720
1932	26,774	6,952	33,726	14,028	47,754
1933	25,878	7,444	33,322	14,002	47,324
1934	26,211	8,059	34,270	14,184	48,454
1935	25,265	7,092	32,357	14,277	46,634
1936	24,757	7,234	31,991	14,400	46,391
1937	24,199	8,750	32,949	14,102	47,051
1938	23,443	9,100	32,543	14,254	46,797

With the record numbers of sheep now in Texas, it is a question as to how much, if any, further increase can take place there. Barring severe droughts and feed shortage, it seems probable that the upward trend may continue. There has been a rather marked tendency for the area of sheep production in that State to expand in the last few years. This expansion is both northward and westward from the main sheep region into other parts of the large pasture areas of the State and also northeastward into the more strictly farming areas. The reduction in cotton acreage and the increased production of feed crops are factors that have contributed to this movement in some areas. It seems probable that in most of these newer areas the production of market lambs will be an increasingly important element in the industry. This will be reflected in the increased use of mutton-type rams and an expansion in the production of early lambs to be marketed in the spring months.

The abundant supplies of all kinds of feeds in the Corn Belt and other Native Sheep States, and the low prices of feeds this fall will tend to encourage production of all kinds of livestock, including sheep. If a succession of years of ample precipitation should follow the series of recent drought years, and there is a permanent shift in acreage from soil depleting crops to hay and grass, a moderate expansion in sheep numbers probably will result.

With some increase in stock sheep numbers in prospect in both the Western and Native Sheep States, production of wool may be expected to reflect this expansion. But the size of the lamb crop is materially affected by weather and feed conditions during the lambing season. Feed and weather conditions in all of the principal lambing areas were unusually favorable during the 1938 season. Hence, the number of lambs produced this year may not be equaled for several years, even though stock sheep numbers increase.

WOOL SITUATION 1/

Domestic mill consumption of wool has increased considerably from the low level of last spring and domestic wool prices have risen moderately since June. In the first half of 1938 the spread between domestic and foreign prices was considerably less than the tariff and imports of wool into the United States were very small. But with the recent rise in domestic prices the spread has widened and is now not much less than the tariff.

With stocks of manufactured goods remaining relatively small and with prospects for an improvement in consumer demand next year, mill consumption of wool in 1939 may exceed that of 1938. This would be a supporting influence to domestic wool prices. But unless there is some rise in foreign prices, advances in domestic prices of wool in the coming year will be limited.

Stocks of wool in the United States are larger than a year earlier. During the remaining months of the 1938 domestic marketing season (to April 1, 1939), mill consumption of wool is likely to be considerably larger than in the same months last year. If imports remain small, as now appears likely, such an increase in consumption probably will result in smaller stocks of wool in the United States on April 1, 1939, than at the beginning of the current year.

Stocks of wool in most foreign countries except Japan apparently are somewhat larger than a year earlier. Supplies of wool from the Southern Hemisphere in 1938-39 are expected to be slightly larger than those of 1937-38 but about the same as average supplies for the 5 years 1932-33 to 1936-37. A prospective decline in wool production in the Southern Hemisphere in 1938-39 is more than offset by the larger carry-over into the current season.

The weekly rate of mill consumption of apparel wool in the United States in September was 15 percent lower than in August, but with the exception of August was higher than in any other month since August 1937. Consumption on a grease basis in the first 9 months of 1938 was 27 percent smaller than in the same months last year.

Increased trading in the Boston wool market in October was accompanied by price advances of 1 to 2 cents per grease pound on most grades of wool. Average prices for combing territory wools at Boston in October were about 10 percent above the low point in June, but were about 25 percent lower than a year earlier.

Wool prices advanced in Southern Hemisphere selling centers in October.

1/ From the November 15 issue of the Demand and Price Situation. For a more detailed discussion, see the November issue of the Wool Situation, copies of which may be obtained from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Price per 100 pounds of sheep and lambs, by months, August - October, 1936-38

Item	1936 Aug.	1936 Sept.	1936 Oct.	1937 Aug.	1937 Sept.	1937 Oct.	1938 Aug.	1938 Sept.	1938 Oct.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago:									
Good and choice	9.53	9.38	8.68	10.78	10.56	10.08	8.46	8.05	8.24
Common and medium	7.20	7.31	6.94	9.06	8.56	8.34	7.12	6.34	6.42
Slaughter ewes, Chicago:									
Good and choice	3.50	3.37	3.40	4.70	4.04	4.09	3.50	3.36	3.36
Common and medium	2.25	2.17	2.12	3.32	3.01	3.09	2.62	2.50	2.48
Feeding lambs, Omaha:									
Good and choice	7.61	7.55	7.12	9.50	9.60	9.13	7.32	7.11	7.37
Average price paid by packers:									
Sheep and lambs	8.29	8.22	7.75	9.34	9.46	8.74	7.62	7.29	
Average price received by farmers:									
Sheep	3.69	3.60	3.52	4.52	4.35	4.30	3.40	3.38	3.36
Lambs	7.59	7.43	7.25	8.64	8.57	8.42	6.59	6.46	6.37
Lamb, New York:									
Wholesale carcass: 1/									
Choice	20.19	19.20	16.71	20.86	21.80	19.95	17.74	16.96	16.82
Good	18.79	18.00	15.92	19.15	20.52	18.95	17.02	16.10	16.10
Medium	16.81	16.39	14.99	16.90	18.66	17.86	15.10	14.38	14.38
Pulled wool Boston: 2/									
Choice AA	92.0	92.0	92.5	106.5	103.7	96.5	73.5	73.5	78.5
Choice White B	76.2	77.0	76.2	88.5	85.8	79.2	60.5	60.5	62.1
Sheep pelts, packers shearlings, No.1, Chicago each 3/	1.10	1.02	1.03	1.25	1.31	1.24	0.60	0.61	0.65

1/ Choice and good, 38 pounds down; medium, 38 pounds down, 1935-37, all weights in 1938.
2/ Cents per pound.
3/ Bureau of Labor Statistics.

Supplies of sheep and lambs, specified periods

Item	Unit	Year: Average 1924-33	Year: 1936	Year: 1937	Month: Oct. average 1924-33	Month: Oct. 1937	Month: Sept. 1938	Month: Oct. 1938
Sheep and lambs:								
Number slaughtered under Federal inspection 1/	Thousands	14,737	17,216	17,270	1,417	1,530	1,694	1,638
Receipts at seven markets 2/	do	3/15,241	11,892	11,470	3/2,147	1,546	1,629	1,512
		Year: Average 1924-33	Year: 1936	Year: 1937	Month: Sept. average 1924-33	Month: Sept. 1937	Month: Aug. 1938	Month: Sept. 1938
Slaughter under Federal inspection								
Lambs and yearlings- Number slaughtered	Thousands	13,678	15,647	15,912	1,274	1,524	1,485	1,584
Percentage of total sheep and lambs....	Percent	92.8	90.9	92.1	92.3	91.2	92.6	93.5
Sheep: Number slaughtered	Thousands	1,059	1,569	1,358	106	147	118	110
Percentage of total sheep and lambs....	Percent	7.2	9.1	7.9	7.7	8.8	7.4	6.5
Sheep and lambs:								
Average live weight	Pound	81	85	85	79	82	83	82
Average dressed "	do	39	40	40	38	38	39	39
Total dressed "	Mil. lb.	569	680	683	52	64	62	66

1/ Bureau of Animal Industry.
2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City and St. Paul.
3/ Average 1929-33.